

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer**



**John D. Musso, RSBA
Chief Financial Officer
District of Columbia Public Schools**

**STANDARD OPERATING PROCEDURE
DISTRICT OF COLOMBIA BUPLIC SCHOOLS
OFFICE OF THE CHIEF FINANCIAL OPERATIONS**

SUBJECT: Schools Activity Fund (SAF)
EFFECTIVE DATE: October 1st 2005
DATE: August 01, 2005

PURPOSE:

The purpose of this directive is to document the procedures for School Activity Funds (SAF)

POLICY:

Recognizing the responsibility placed upon the School principal in the management of Student Activity Funds (sometimes referred to as Non-Appropriated(General Fund), the Superintendent has directed the Office of the Chief Financial Officer (OCFO) to establish policies for administering the Student Activity Funds (SAFs) within the District of Columbia Public Schools (DCPS).

Any entity, be it a Government, a Business or a Nonprofit Organization, exists to achieve its mission and purpose. It is the role of the Principal to provide the leadership needed for the Schools to realize that purposes. Furthermore, the Principal is not free simply to act in any way it might choose to achieve the SAF goals. Rather, the principal's options and actions are circumscribed by constraints and expectations. Principals, Business Managers, Activity Sponsors, and Central Office Personnel responsible for the monitoring of SAFs must be familiar with the provisions of this manual.

I. Purpose of Student Activity Funds (SAFs)

1. To promote the general welfare, education, and morale of the students.
2. To finance the recognized extra-curricular activities of the student body.

II. General Principles Governing SAFs

1. Unless other ownership is specifically designated, the SAF of the school belong to the student body, which is comprised of the pupils currently in that school. The principal is the decision maker charged with determining the manner in which student body funds are expended, and is vested with the responsibility for ensuring that these funds are administered in accordance with DCPS policies.
2. Staff social funds must be derived entirely from staff contributions and activities, and must not be augmented by student-owned funds. Staff-owned funds may be included in the SAFs, provided separate fund accounts are maintained.
3. SAFs may be raised by any activity approved by the principal, which is not otherwise prohibited by law, DCPS regulation, policy, or provisions of this manual.
4. School organizations shall not use such devices as gambling, including raffles, lotteries, pinball machines, pool, bingo and other games of chance, as a means of raising funds.
5. Funds derived from the student body as a whole must be used to benefit the student body as a whole.
6. The management of SAFs must be in accordance with sound business practices, including sound accounting procedures and adequate internal controls.
7. PTA funds shall be handled by that association and shall not be mixed with the funds of the school.
8. All Principals, Business manager and others involved in the administration of SAF must receive training.

III. Control of Student Activity Funds

A. Principles of Internal Control

Internal Controls are essential management techniques, an inextricable part of how management conducts its business. Accordingly, the Principal is primary responsible for the effectiveness of internal control for SAF

It is a basic principle of good management and internal control to assure the following:

1. Authorization. All transactions must be properly authorized by the principal in accordance with SAF policies.
2. Properly designed records. All receipts and payments must be supported by sequential receipts and checks respectively.
3. Security of assets and records. It is important that individuals only have access to the assets or records based on the specific needs of their job. All cash, checks, receipts book and records must be protected against the danger of loss or theft.
4. Segregation of incompatible duties. An “incompatible” duty is one that would put a single individual in the position of being able to commit an irregularity and then to conceal it. For any transactions
5. Two or more persons must be involved in each transaction. This enhances the integrity of our accounting process and encourages accuracy.
6. Two signatures are required on all checks. Schools must have at least three persons as signatories for the account.
7. Prenumbered receipts must be issued whenever cash is received.
8. Monthly bank statements must be given to the principal unopened.
9. Issuing an ATM card is strictly forbidden
10. Assign an individual other than the business manager to complete the bank reconciliation on monthly basis. This individual should be responsible for ensuring that the quarterly reports are transmitted to the Office of Chief Financial Officer.

B. Bank Accounts

1. SAF shall be deposited only in a federally insured financial institution.
2. All bank accounts must be in the name of the school, and not in the name of a school employee, school club, booster group or any individual.

3. The school shall not maintain a checking account in any financial institution which does not return cancelled checks with the monthly bank statements.
4. Only one checking account shall be maintained for all SAF transactions.
5. When a school has a change in personnel, signature cards at their financial institution must also be changed.
6. All checks must contain the following on the face of the checks “ Valid for 90days only”
7. Schools CANNOT set up bank accounts. This can only be done through the DCPS Office of the Chief Financial Officer.

C. Receipt and Deposit of Funds

1. Each school must obtain books of prenumbered receipts that must be at a minimum in two parts (original and a copy).
2. All monies collected, cash or check, must be confirmed by issuing a receipt to each person remitting the monies.
3. Receipts must be issued in numerical sequence.
4. To provide proper accounting control, cash receipts must be deposited initially in the school’s checking account.
 - a. Deposits in a savings account must be made by check drawn on the school’s checking account.
 - b. Withdrawals from savings accounts must be deposited in the school’s checking account before being used to make disbursements.
5. All checks received must be immediately endorsed with restrictive endorsement containing the words “For Deposit Only.”

C. Receipt and Deposit of Funds (continued)

1. Receipts totaling \$500 or more in a day must be deposited in the financial institution within five business days. Collections of less than \$500 must be deposited within ten business days.
2. Cash receipts must be deposited intact. (Disbursements must never be made from cash receipts.) All disbursements must be made by check or from a petty cash fund subject to the DCPS Controller’s approval.
3. All funds collected by teachers from students or collections by students and other employees must be remitted daily to the Business Manager or bookkeeper at the “school bank.”
4. Business Managers must prepare a SAF Deposit Form to record all information pertaining to each deposit made. This form must agree with the deposit slip(s) and bank statement (see Attachment I).

5. Personal checks must not be cashed for DCPS employees or other persons from cash receipts, petty cash funds, or other school funds.

D. Disbursements of Student Activity Funds

Disbursements of SAFs shall be made in a manner consistent with the principles and purposes of student body funds as stated in Section II of this Policy Manual.

1. All personnel requesting Student Activity Funds must prepare a Request for Check Disbursement Form, SAF-23. (See Attachment II)
2. All disbursements from the SAF account must have proper documentation attached to each request.
3. All Disbursement must be supported with the original documents.
4. Disbursements which are primarily for the benefit of the school staff or other DCPS employees, such as gifts, social, picnics, meals, retirement functions or other staff social activities are allowed only if:
 - a. The funds derived are solely from staff donations or staff activities.
 - b. The funds were donated for that specific purpose by the PTA or by a student organization.
5. Disbursement from the SAF must be an allowable expenditure (see section VI-Allowable Expenditures).

E. Protection of Funds

1. Funds stored overnight at the school must be kept in a locked cabinet or combination safe.
2. Blank checks, receipt books, cash equivalents and other important documents must be maintained in a locked cabinet or metal safe.
3. The combination to the safe shall be limited to a few persons with a continuous need for free access to the safe.
4. The safe combination must be changed whenever a person who has the combination leaves the school or is transferred to a position where she or he no longer has a continuous need for free access to the safe.
5. DCPS employees and students must be instructed never to attempt to thwart a robbery in the school.
6. In event of a theft or break-in, the following persons/agencies must be notified immediately: (a) the Metropolitan Police Department; (b) the Security Division; and (c) the Office of the Chief Financial Officer.

F. Signature on Checks and Bank Reconciliations

1. The principal shall designate in writing, those school employees who are authorized to sign checks and to withdraw funds from other accounts. The signatures of the employees designated shall be entered on a signature card and filed with the financial institution.
2. In addition to the principal, at least two employees must be authorized to sign checks and make withdrawals.
3. All checks must contain two authorized signatures.
4. The last spaces to be completed on a check must be the signature spaces. Neither the principal nor any other school employee should sign a check until both the payee and amount spaces have been filled in. In short, checks must never be pre-signed at any time.
5. Monthly bank statements must be delivered unopened directly to the principal. The principal must review the statement, the cancelled checks, and other bank documents and thereafter arrange for someone other than the Business Manager/Bookkeeper to perform the reconciliation. In a school where staff shortages hinder the separation of duties, it is permissible for the Business Manager/Bookkeeper to prepare the reconciliation.
6. Checks that remain outstanding for more than 90 days should be voided.

IV. Funds Responsibilities for the Management of Student Activity

1. The principal has the ultimate responsibility for all SAF monies received or disbursed within the school. To provide accountability for her or his stewardship over the SAFs, the principal must provide periodic reports to the Superintendent and the Board.
2. Only the principal, or a person designated in writing by the principal, may obligate the school by contract for the purchase of equipment, supplies, or services.
3. As stipulated in the negotiated agreements between the Board of Education and the Washington Teachers' Union, monies earned through school projects initiated by a teacher or group of teachers shall be kept in the general fund. The allocation and the procedures of the allocation of this money shall be the joint responsibility of the principal and the School Chapter Advisory Committee (SCAC). This requirement is specified under the article titled "General Fund" in the above referenced agreement. The administration of the fund, however, is the responsibility of the principal.

4. Neither a school nor school activity fund shall be held responsible for an expenditure made by a pupil, teacher, or any other school employee who has not received prior authorization from the principal.
5. Principals are encouraged, but not required, to seek the assistance of the Procurement Branch before making a commitment for purchases in excess of \$5,000.
6. With the approval of the principal, the school may establish credit with specific vendors, as needed, to facilitate SAF operations. However, no general purpose credit cards shall be obtained in the name of the school.
7. The principal shall appoint a Business Manager who will be responsible for maintaining accurate financial records of SAFs in accordance with the procedures prescribed in both the policy manual and applicable SAF Accounting Guidelines.
8. The principal should investigate the causes of large negative balances in the SAF accounts and take corrective action to eliminate these negative balances.

V. Disbursements of Student Activity Funds

A. Allowable Expenditures

Most expenditure from student activity funds may be made without approval or review by central administration. Examples of allowable expenditures include:

1. Student Awards
2. Field Trips
3. Student newspaper and handbook
4. Assembly and student activity programs
5. Purchase of equipment (except attachments to the building or requires the use of public utilities).
6. Payment for supplies, forms, and postage for student body use.
7. Purchase of merchandise for sale in school store.
8. Payments for welfare, hospitality and entertainment.
9. Cost of school publications
10. Purchase of athletic, recreational supplies and materials.
11. Payment for laundry, towel and sanitary services;
12. Payment of membership dues in organizations. Such payments must be for the school and not for an individual.
13. General student body expenses not otherwise restricted.

B. Expenditures Which Require Central Administration Approval

Expenditures listed below require the prior written approval of the Office of the Associate Superintendent for Academic Services.

1. Building bulletin boards or other structures, including alterations and attachments thereto.

2. Purchase or lease of equipment which is to be attached to a school building or which requires the use of public utilities.
3. Purchases made from any DCPS employee, or from a partnership or corporation in which an employee has a substantial ownership interest.
4. Purchases made for any employee of the DCPS.
5. Any disbursement over \$5,000 or any contract with anticipated aggregate expenditure of over \$5,000. Excluded from this limitation are disbursements and contracts for pictures, yearbooks, proms, and any disbursement required as part of the DCPS educational program.

C. Unallowable Expenditures

1. Non-educational trips of any kind
2. Merchandising accommodations, extensions of credit or loans to DCPS employees or to any person other than a pupil. However, small emergency loans for carfare, lunches, and similar items may be made to pupils at the discretion of the principal.
3. Any disbursement which is prohibited by Federal or District of Columbia Law, or by DCPS policy or regulation.
4. Contributions to charitable organizations, unless funds have been contributed by students for that specific charity.
5. Salaries for services that are a responsibility of the school system or are for school system assignments.
6. Payment of individual membership dues to any out of school organizations or associations.
7. Games of chance or raffles.
8. Disbursements which are primarily for the benefit of the school staff or other DCPS employees, such as gifts, socials, picnics, meals, retirement functions or other staff social activities. However, disbursements for such purposes may be made from funds derived solely from staff donations or other staff activities, or from funds donated for that specific purpose by a PTA booster club, or student organization.
9. Repair or maintenance of equipment purchased with DCPS appropriated and/or federal grant funds.
10. Purchases of equipment, supplies, and services for rooms and areas not used primarily for student body activities.

VI. Accounting

A. Books of Accounts

Accounting records of SAFs must be maintained using the Quicken financial software.

1. Every activity account used for the SAF account must be set up in the Quicken system.
2. The activity account(s) must be set up as either all income or all expense to provide an accurate balance in each account.
3. Every transaction entered into the Quicken register must be assigned a category (activity account).
4. The SAF account must be current through the fiscal year to provide Principal's and Activity Sponsors with accurate information on any given activity fund.

B. Broad Categories of Activity Accounts

There are seven (7) broad classifications of activity accounts. These are:

1. Clubs and Organizations Accounts- This would include accounts such as class dues, school magazine, student council, student clubs, and others.

The following principles shall govern the maintenance of clubs and organizations accounts:

- a. Any balance remaining in the account of a graduating class, after the class has graduated and has had an opportunity to determine the disposition of the balance, must be closed out to the general fund at the beginning of the next school year.
 - b. Any balance remaining in the account of an inactive club after the club has had an opportunity to determine the disposition of the balance must be closed out to the general fund at the beginning of the next school year.
2. School Activities Accounts- This would includes accounts such as dances, musicals, picnics, all athletic admissions, and other expenses.
 3. Faculty Accounts- These are accounts that are to be used for the benefit of the faculty members and the segregation of funds intended for that purpose. Faculty funds are those that the faculty members contribute to by purchasing soft drinks, coffee or snacks. They may also include allocation of profits from vending machine located in the faculty lounge or other area which is not accessible to students.

The following principles shall govern the maintenance of faculty accounts:

- a. These accounts must maintain a positive balance.

- b. Student owned funds must never be used to offset deficits in faculty accounts.
4. Clearing Accounts- These are accounts through which funds flow in and out, often in equal amounts so that the accounts come to a zero balance over a period of time, usually the school year. Funds in these accounts are generally dedicated for a specific purpose or are to be forwarded to destinations outside the school. Examples of clearing accounts include: Field trips (ie. Senior class trip), Camping trips, Athletics (Collections for other Schools); Lost or damaged textbooks; change fund; petty cash; and collections for contributions to charitable organizations.
5. General Fund- Consists of unrestricted funds owned by the student body as a whole. Some of the sources of the general fund are:
 - (a) Contributions from PTA or other organizations.
 - (b) Interest income (checking and saving).
 - (c) Profits from the operation of vending machines in areas accessible to students.
 - (d) Money earned from student body fund-raising activities.
 - (e) Profits from the school store and other approved school activities.

Unrestricted general funds will be disbursed for usual school purposes at the discretion of the principal.

Principals are prohibited from maintaining a separate Discretionary Account within the general fund.
6. Trust Accounts- This account must be used for foundation funds donated by persons or groups for specific educational purposes. The source of funds must be from private organizations.
 - (a) The funds can be used as memorial funds and scholarship funds.
 - (b) Disbursements of foundation funds must be approved in accordance with the terms and conditions specified by the grantor.
 - (c) Foundation funds shall be held in savings accounts or investments, and the foundation's share of the income therefrom shall be credited entirely to the trust accounts.
7. Instructional Accounts- Accounts which contain funds to be supplied for the benefit of specific instructional programs. Some examples would be:
 - (a) Business Education; Band; Guidance; Home Economics; Industrial Arts; Mathematics; Science; Music; Social Studies; Special Classes; and other instrumental programs.
 - (b) Funds in excess of instructional needs for the current school year must be carried forward to the next school year.

C. Audit of SAFs

1. Student Activity funds shall be audited annually by a firm of independent certified public accountants.
2. Unscheduled audits or reviews shall be performed by the Internal Audit Division and the Office of the Chief Financial Officer.
3. These audits shall be performed in accordance with generally accepted auditing standards, including such tests of the accounting records and such other auditor's procedures as considered necessary under the circumstances
4. At the time of the audit or review, the following records shall be made available to the auditor(s):
 - (a) Checkbook
 - (b) Cash receipts book
 - (c) SAF-23 forms for each SAF disbursement
 - (d) Paid vouchers and invoices
 - (e) Monthly Bank Reconciliation Reports
 - (f) Bank statements and cancelled checks for each month for the period being audited.
 - (g) Supporting records of cash receipts (including treasurer's receipts and deposit tickets).
 - (h) Copies of Quarterly Reports submitted to the OCFO.
 - (i) Unpaid invoices and obligations; and
 - (j) Any other documents requested by the auditors.
5. Audited SAF transactions shall be consolidated and reported as an Agency Fund in the Comprehensive Annual Financial Report (CARF) of the DCPS. Individual schools will however, be issued a separate audit report pertaining to its SAF transactions.
6. Upon entering a new assignment, the principal should study the financial reports and audit reports to become aware of the financial condition of the school.

D. Financial Reports

1. At the end of the each month, the Business Manager/Bookkeeper must prepare a Reconciliation Report, with copies of the bank statements attached, using the Quicken program. (See Attachments)
2. The Reconciliation Report must be signed by both the Business Manager/Bookkeeper and the Principal, the report must be forwarded to the Office of the Chief Financial Officer at 825 North Capital Street, N.E. 7th Floor, Route #3 no later than the 15th day following the close of the month.

3. At the end of the quarter, the Business Manager/Bookkeeper must prepare a Summary Report and Financial Report using the Quicken program. (See Attachments).
4. The report, which must be signed by the Business Manager/ Bookkeeper and the Principal, the report must be forwarded to the Office of the Chief Financial Officer at 825 North Capital Street, N.E., 7th Floor, and Route #3, no later than the 15th day following the close of the quarter.
5. Accompanying the quarterly reports must be Bank Reconciliations for the last month within the quarter, with copies of bank statements attached to the reconciliations. Schools who maintain saving accounts or money market accounts for SAF funds must also provide reconciliation and copies of the bank statement along with the other required reports.

Within 30 days prior to the close of the fiscal year, the Office of the Chief Financial Officer will provide training sessions to Business Managers/Bookkeepers on how to close out the fiscal-year end and to set up the files for the New Year. Also, instructions and due dates for the annual financial report will be provided by the Controller, OCFO, subject to the approval of the Superintendent of schools.

VII. Business-Type Activities

A. School Stores

1. Merchandise needed to facilitate classroom instruction and to accommodate pupils may be sold in school stores.
2. Merchandise may be purchased from SAF for resale only if it can reasonably be expected to be sold in the course of a year. The principal should make a general review of store operations at least once a year and evaluate such matters as stocks levels, pricing practices, profitability, and types of merchandise being sold. Inventory on hand should never exceed one year's sales volume. A physical inventory of school store merchandise shall be taken as of September 30 each year.

B. Vocational Education Business Activities

1. Credit shall not be extended to DCPS employees or any other person(s).
2. Cash receipts from vocational education projects shall be turned in daily to the Business Manager/Bookkeeper together with copies of the related work orders.
3. Shop work shall be performed pursuant to a written work order. Each shop shall have a set of prenumbered work orders, with names of both the school and the shop printed thereon. Work orders shall be used in numerical sequence within each shop. Voided work orders shall be sent to the office of retention by the Business Manager/Bookkeeper.

4. When payment is received in full for work done under a work order, each copy shall be stamped "Paid," dated, and marked with an indication of whether payment was by cash or check. One copy is given to the customer, one copy is retained by the vocational education shop, and one copy is retained by the Business Manager/Bookkeeper.
5. At the end of the month, the Business Manager/Bookkeeper shall reconcile work orders and other receipt documentation used with cash receipts. The vocational education teacher shall provide the Business Manager/Bookkeeper with a list of work orders in process and other unused receipts as of the end of the month so that all issued work orders and receipts can be accounted for.
6. The vocational education teacher shall maintain a detailed record of receipts and disbursements of the enterprise he/she manages and shall reconcile it monthly with the records of the Business Manager/Bookkeeper.
7. Any use of the shop facilities outside of normal school hours must be authorized in advance, in writing, by the principal, specifying the date and hours of the approved usage and naming the teacher or other DCPS employee to whom the authorization is granted.

C. Vending Machines

Superintendent's Directive Number 220.26 dated September 7, 1990 provides guidelines for the operation of vending machines. School Administrators should familiarize themselves with the requirements stipulated in the above referenced directive. The following additional policies apply to vending machines for SAF purposes.

1. When a vending machine is operated under a full service contract, the vendor fills the machine with merchandise, periodically empties the coin box, pays the District of Columbia sales tax and pays a commission to the school based on the volume of sales.
2. In the absence of a full service contract, the school purchases the merchandise from the vendor, performs the above functions, and retains any profit on the sale of the merchandise.
3. To provide adequate internal control where there is no full service contract, the principal (or his/her designee) shall maintain custody of the keys to all vending machines and shall designate two school employees to service the machines and empty the coin boxes. These two employees shall empty the coin boxes and count the receipts in the presence of each other.

D. District of Columbia Sales Tax

1. Sales tax must be collected by the school and forwarded to the D.C. Department of Finance and Revenue on the retail sales price of all taxable merchandise.
2. Taxable merchandise includes sales from vending machines (unless under full service), school stores, vocational education shops, pictures, yearbook, etc.
3. Schools which expect to make taxable sales should contact D.C. Department of Finance and Revenue, for guidelines.

IX. Miscellaneous

A. Payment of Bills

Each school must maintain a good credit rating by paying all valid obligations promptly by the due date established by the vendor. All bills must be paid by check. Cash must never be sent through the U.S. mail.

B. Insurance and Fidelity Bond

1. SAFs are not insured against loss by theft unless a policy for such coverage is obtained by the local schools. Schools are therefore required to secure insurance coverage for theft.
2. Schools should also obtain fidelity bond with respect to employees handling SAFs. The school system is currently using the following company for insurance and bonding:

Ambush Associates, Inc.

P.O. Box 3729

Silver Spring, Maryland 20918-3729

(301) 681-9270

3. Prices of coverage will depend on the type of school (Elementary, Junior/Middle or Senior High).

C. Payments for Personal Services from SAF

1. Students

- (a) It is permissible to pay students small sums of monies for services provided in connection with SAFs.
- (b) All students are exempt from FICA taxes and most are exempt from state and federal income taxes.

- (c) The principal must approve of such requests, and the student must sign beneath the principal's approval signature, to acknowledge receipt of funds.

2. Independent Contractors

- (a) Persons receiving payments for personal services who are neither DCPS employees nor students shall be assumed to be independent contractors. No deduction for taxes is necessary and no reporting is required unless the aggregate payments to one person in one calendar year exceed \$600.
- (b) If the payment(s) to one person exceed \$600 in one calendar year, a separate file must be kept with the following information: Name, current address, social security number, and total amount paid.
- (c) This information must be provided to the Office of the Chief Financial Officer by December 31. For any questions, you may contact the Division of Finance at 442-5330 for direction.

D. Petty Cash

1. The use of petty cash is not recommended. Once cash is lost or stolen, it cannot be replaced.
2. Petty cash should only be established when, in the judgement of the DCPS Controller, it is absolutely necessary.
3. The maximum limit for petty cash shall be \$15 for elementary schools and \$25 for junior high and senior high schools.
4. Petty cash funds shall be maintained on an imprest basis.
5. To establish a petty cash for SAF, submit a request in writing to the DCPS Controller along with justifications for the fund.
6. Once approved, the principal will be notified to proceed, and a number will be assigned to the petty cash fund.
7. Such funds shall be subject to unannounced cash count and audit by personnel from the Division of Finance.
8. Petty cash should be closed out at the end of each fiscal year by depositing the remaining cash as a receipt, into the School's General Fund.

E. Record Retention Schedule

<u>Record Title or Description</u>	<u>Retention Period</u>
1. End of the Year Financial Statements	10 years
2. Journals	10 years
3. Ledgers	10 years
4. Audit Reports and Correspondence	10 years
5. Records of Investigations	10 years
6. Bank Statements and Reconciliations	5 years

7. Cancelled Checks & Deposit Slips	5 years
8. Saving Account Passbooks	5 years
9. Expense Vouchers with documentation	5 years
10. Invoices from vendors with documentation	5 years
11. Petty Cash Vouchers	5 years
12. Quarterly Financial Statements	5 years

X. School Closing and Consolidation

A. Instructions for Closing Schools

1. During the year preceding closing, inventories of salable merchandise should be reduced to minimum by limiting purchases, so far as practicable, to quantities which can be sold before the closing date. The principal is responsible for the disposition of unsold merchandise. If possible, it should be returned to vendors for credit or refund. If credit or refund cannot be obtained, the merchandise may be transferred to the receiving school (s). A record must be kept, for audit purposes, of the quantities and cost of all items transferred to receiving schools or otherwise disposed of other than by sale to students.
2. Sometime prior to the closing date, the vending machine company or companies should be notified to remove machines and stop making deliveries.
3. Every effort must be made to resolve all accounts payable before the closing of the school. Vendors should be notified to submit bills by a specified date. School personnel must also be notified to submit any claims they have for reimbursement of expenses promptly so that they can be paid before closing date.
4. During the last three months before closing, it is suggested that all checks written on the SAF bank account be accompanied by a statement requesting that the check be cashed promptly. If any checks have been outstanding more than 60 days, the payees should be contacted and asked to cash them. Checks which are so old as to leave doubt that they will be cashed should be written off, particularly if the amount is very small.
5. During the year of closing, the school should not invest in any certificate of deposit or other long-term investment with a maturity date later than the closing date. Excess funds available for investment may be invested in the DCPS Centralized Investment Fund or in a passbook savings account.
6. Before the closing date, new signature cards must be filed with the financial institutions to authorize signatures on checks and withdrawals by officials of the Division of Finance and the Office of the Deputy Superintendent for Educational and Accountability after the school is closed.

This is necessary in order to facilitate payment of any late bills and the transfer of funds to the receiving schools after the accounts have been audited. Specific names and procedures for the new signature cards will be provided by the Division of Finance prior to the closing date.

7. Financial institutions must be notified to address future bank statements and correspondence, after the closing date, to the Division of Finance.
8. The school should provide the Deputy Superintendent for Educational Accountability with the summer addresses and phone numbers and the new assignments (if still with DCPS) of the principal and the person(s) who maintained the SAF financial records during the year closure.

B. Residual Student Activity Funds of Closed Schools

1. SAFs will be transferred between schools only when a school is closed. The gain or loss of a grade, or the gain or loss of students due boundary changes, will not result in the transfer SAFs between schools unless a school closing is also involved.
2. The Deputy Superintendent for Educational Accountability shall provide instructions for the deposition of any trust funds in a manner that will preserve the integrity of each fund and continue the purpose for which it was established.
3. The policy for allocating the funds (other than trust funds) of closed schools is based on duplicating, so far as possible, the situation which would have prevailed if the school had not closed. The funds will be allocated to the new receiving schools in proportion to the number of students to be newly assigned to each, in the school year following the closing, who would have attended the school had it remained open.
4. Only those schools which receive students from within the boundaries of a closed school shall be entitled to any portion of the closed school's funds. The fact that, at the time of closing, some of the receiving school's students are reassigned to a third school, does not entitle the third school, to any portion of funds of the closed school.